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Report Highlights:
Argentine beef exports for 2009 are revised downwards at 420,000 tons primarily due to a weaker demand from its main buyers. Low returns coupled with the worst drought in the last 50 years will reduce slaughter and beef production. The cattle herd is also expected to fall.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Buenos Aires [AR1]
[AR]

SECTION I. SITUATION AND OUTLOOK

Argentine beef exports for 2009 are revised downward at 420,000 tons (carcass weight equivalent). The main reason for this drop is the significant reduction of imports of the country's main clients since the last part of 2008 due to the global economic downturn. Recession, strong devaluations of many currencies, large stocks of beef in some cases, are all factors that will have a negative impact on beef exports throughout 2009. Based on recently published official trade data, Argentine beef exports for 2008 totaled 421,000 tons.

Most traders are confident that the majority of the main markets will be reestablished during the year as prices stabilize well below last year's record levels. Although the price for the Hilton Quota is high compared to historic levels, some exporters doubt Argentina will be able to fulfill the entire 28,000-ton quota. Export packing plants are working at a slower pace, and many are finding difficulties to source heavy steers, which are normally the type of animals used under the quota, due to the severe drought suffered during most of 2008 and January 2009. The Russian Federation, the most important market (in volume) in the past five years, is starting to show signs of activity which is expected to speed up after March. Chile and Israel, two very important markets, are also expected to recover somewhat. Exports of themoprocessed beef are forecast to remain relatively high as the government excluded these products from controls and restrictions, and furthermore, there is an abundant supply of cows and heifers for slaughter due to the effects of the drought and herd liquidation.

Exporters indicate that the government's regulations to control exports are now not a significant factor at this time. With a slow down of the local economy, the government is encouraging exports to collect revenues and stimulate economic activity.

Most traders indicate that beef export prices fell approximately 40 percent from last year's peak level; however, they foresee an improvement throughout 2009.

By the end of 2008 and early 2009, the worst drought in at least 50 years affected a vast area of the most productive crop and cattle land in Argentina. Beef production for 2009 is revised downwards due to a smaller slaughter and a drop in average carcass yields. A reduced calf crop and greater animal losses in 2008 will negatively affect the supply of fed cattle in 2009. Moreover, the shortage of feed reserves, the destruction of thousands of hectares of pastures, and a smaller corn crop are also expected to affect production. Continued government support for feedlots to reduce feed costs (at about $50 per animal) will be an important factor in the market. The availability of productive pastures has been reduced as more pasture land has been turned into cropland in the past several years, and the remaining pastures were severely affected by the drought.

The calf crop in 2009 is also revised downward at 14.2 million calves. The drought primarily and low returns have reduced the number of cows in production. Furthermore, their poor condition will significantly affect pregnancy rates. This situation will affect beef supplies for the next couple of years.

Most contacts indicate that the cattle herd will fall nearly one million head in 2009, similar to what happened in 2008.

There are practically no new investments at the ranch level or the processing industry. Low returns have discouraged players from expanding their businesses.

The Argentine government is slowly letting the value of the dollar increase, now at pesos 3.60 per dollar.
The government and the local farm sector continue to have a very tense relation. The two sides reopened dialogue on February 24, with the government offering support for wheat, dairy, cattle and regional products. In the case of cattle, the government has offered some tax cuts to producers feeding cattle over 400 kilos, will support cow calf operations affected by the drought, and will pass to Congress a new Federal Meat Law.

SECTION II. STATISTICAL TABLES

Animal Numbers, Cattle Argentina	2007			2008			2009		
	2007			2008			2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data
Total Cattle Beg. Stks	55,664	51,164	55,664	55,662	51,062	55,662	55,162		54,760
Dairy Cows Beg. Stocks	2,150	2,200	2,150	2,050	2,200	2,150	2,050		2,150
Beef Cows Beg. Stocks	21,250	21,000	21,250	20,900	20,800	20,800	20,600		20,400
Production (Calf Crop)	15,900	15,400	15,900	15,200	15,200	15,200	14,800		14,200
Intra-EU Imports	0	0	0	0	0	0	0		0
Other Imports	0	0	0	0	0	0	0		0
Total Imports	0	0	0	0	0	0	0		0
Total Supply	71,564	66,564	71,564	70,862	66,262	70,862	69,962		68,960
Intra EU Exports	0	0	0	0	0	0	0		0
Other Exports	2	2	2	0	4	2	0		0
Total Exports	2	2	2	0	4	2	0		0
Cow Slaughter	5,200	5,100	5,200	5,200	5,000	5,500	4,800		5,500
Calf Slaughter	2,700	2,700	2,700	3,200	2,800	2,700	3,400		2,700
Other Slaughter	7,300	7,000	7,300	6,400	6,600	6,600	6,600		6,000
Total Slaughter	15,200	14,800	15,200	14,800	14,400	14,800	14,800		14,200
Loss	700	700	700	900	700	1,300	700		900
Ending Inventories	55,662	51,062	55,662	55,162	51,158	54,760	54,462		53,860
Total Distribution	71,564	66,564	71,564	70,862	66,262	70,862	69,962		68,960

Meat, Beef and Veal Argentina	2007			2008			2009		
	2007			2008			2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data
Slaughter (Reference)	15,200	14,800	15,200	14,800	14,400	14,800	14,800		14,200
Beginning Stocks	0	0	0	0	0	0	0		0
Production	3,300	3,200	3,300	3,200	3,170	3,150	3,160		3,000
Intra-EU Imports	0	0	0	0	0	0	0		0
Other Imports	5	4	4	5	5	3	4		4
Total Imports	5	4	4	5	5	3	4		4
Total Supply	3,305	3,204	3,304	3,205	3,175	3,153	3,164		3,004
Intra EU Exports	0	0	0	0	0	0	0		0
Other Exports	534	538	538	400	535	421	480		420
Total Exports	534	538	538	400	535	421	480		420
Human Dom. Consumption	2,771	2,666	2,766	2,805	2,640	2,732	2,684		2,584
Other Use, Losses	0	0	0	0	0	0	0		0
Total Dom. Consumption	2,771	2,666	2,766	2,805	2,640	2,732	2,684		2,584
Ending Stocks	0	0	0	0	0	0	0		0
Total Distribution	3,305	3,204	3,304	3,205	3,175	3,153	3,164		3,004